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Disposition:	Not Agreed to by 18 years and 22 days

**AMENDMENT TO H.R. 4157, AS REPORTED BY THE
SUBCOMMITTEE ON HEALTH
OFFERED BY MR. STUPAK AND MR. WALDEN**

[Page and Line Numbers Refer to SUBCOMEC002 of June 9,
2006]

At the end of title I [page 20, after line 16], add
the following new section:

1 **SEC. 106. HEALTH INFORMATION TECHNOLOGY GRANTS**
2 **AND LOANS FOR RURAL HEALTH CARE PRO-**
3 **VIDERS.**

4 Part D of title II of the Public Health Service Act,
5 as added by section 101 and as amended by sections 103
6 and 104, is amended by adding at the end the following
7 new section:

8 **“SEC. 274. GRANTS TO FACILITATE THE WIDESPREAD**
9 **ADOPTION OF INTEROPERABLE HEALTH IN-**
10 **FORMATION TECHNOLOGY IN RURAL AREAS.**

11 **“(a) COMPETITIVE GRANTS TO ELIGIBLE ENTITIES**
12 **IN RURAL AREAS.—**

13 **“(1) IN GENERAL.—**The Secretary may award
14 competitive grants to eligible entities in rural areas
15 to facilitate the purchase and enhance the utilization

1 of qualified health information technology systems to
2 improve the quality and efficiency of health care.

3 “(2) ELIGIBILITY.—To be eligible to receive a
4 grant under paragraph (1) an entity shall—

5 “(A) submit to the Secretary an applica-
6 tion at such time, in such manner, and con-
7 taining such information as the Secretary may
8 require;

9 “(B) submit to the Secretary a strategic
10 plan for the implementation of data sharing
11 and interoperability measures;

12 “(C) be a rural health care provider;

13 “(D) adopt any applicable core interoper-
14 ability guidelines (endorsed under section
15 272(a)(3));

16 “(E) agree to notify patients if their indi-
17 vidually identifiable health information is
18 wrongfully disclosed;

19 “(F) demonstrate significant financial
20 need; and

21 “(G) provide matching funds in accordance
22 with paragraph (4).

23 “(3) USE OF FUNDS.—Amounts received under
24 a grant under this subsection shall be used to facili-
25 tate the purchase and enhance the utilization of

1 qualified health information technology systems and
2 training personnel in the use of such technology.

3 “(4) MATCHING REQUIREMENT.—To be eligible
4 for a grant under this subsection an entity shall con-
5 tribute non-Federal contributions to the costs of car-
6 rying out the activities for which the grant is award-
7 ed in an amount equal to \$1 for each \$3 of Federal
8 funds provided under the grant.

9 “(5) LIMIT ON GRANT AMOUNT.—In no case
10 shall the payment amount under this subsection with
11 respect to the purchase or enhanced utilization of
12 qualified health information technology for a rural
13 health care provider, in addition to the amount of
14 any loan made to the provider from a grant to a
15 State under subsection (b) for such purpose, exceed
16 100 percent of the provider’s costs for such purchase
17 or enhanced utilization (taking into account costs for
18 training, implementation, and maintenance).

19 “(6) PREFERENCE IN AWARDING GRANTS.—In
20 awarding grants under this subsection the Secretary
21 shall give preference to—

22 “(A) an eligible entity that is located in a
23 frontier or other underserved area as deter-
24 mined by the Secretary;

1 “(B) an eligible entity that will link, to the
2 extent practicable, the qualified health informa-
3 tion system to a local or regional health infor-
4 mation plan or plans;

5 “(C) a rural health care provider that is a
6 nonprofit hospital or a Federally qualified
7 health center; and

8 “(D) a rural health care provider that is
9 an individual practice or group practice.

10 “(b) COMPETITIVE GRANTS TO STATES FOR THE DE-
11 VELOPMENT OF STATE LOAN PROGRAMS FOR RURAL
12 HEALTH CARE PROVIDERS.—

13 “(1) IN GENERAL.—The Secretary may award
14 competitive grants to States for the establishment of
15 State programs for loans to rural health care pro-
16 viders to facilitate the purchase and enhance the uti-
17 lization of qualified health information technology.

18 “(2) ESTABLISHMENT OF FUND.—To be eligi-
19 ble to receive a competitive grant under this sub-
20 section, a State shall establish a qualified health in-
21 formation technology loan fund (referred to in this
22 subsection as a ‘State loan fund’) and comply with
23 the other requirements contained in this section. A
24 grant to a State under this subsection shall be de-
25 posited in the State loan fund established by the

1 State. No funds authorized by other provisions of
2 this section to be used for other purposes specified
3 in this section shall be deposited in any State loan
4 fund.

5 “(3) ELIGIBILITY.—To be eligible to receive a
6 grant under paragraph (1) a State shall—

7 “(A) submit to the Secretary an applica-
8 tion at such time, in such manner, and con-
9 taining such information (including the stra-
10 tegic plan described in paragraph (4)) as the
11 Secretary may require;

12 “(B) prepare and periodically update a
13 strategic plan under paragraph (4);

14 “(C) establish a qualified health informa-
15 tion technology loan fund in accordance with
16 paragraph (2);

17 “(D) require that rural health care pro-
18 viders receiving such loans—

19 “(i) link, to the extent practicable, the
20 qualified health information system to a
21 local or regional health information net-
22 work; and

23 “(ii) agree to notify patients if their
24 individually identifiable health information
25 is wrongfully disclosed; and

1 “(E) require that rural health care pro-
2 viders receiving such loans adopt any applicable
3 core interoperability guidelines (endorsed under
4 section 272(a)(3)).

5 “(4) STRATEGIC PLAN.—

6 “(A) IN GENERAL.— A State that receives
7 a grant under this subsection shall prepare and
8 periodically update a strategic plan that identi-
9 fies the intended uses of amounts available to
10 the State loan fund of the State.

11 “(B) CONTENTS.—A strategic plan under
12 subparagraph (A) shall include—

13 “(i) a list of the projects to be as-
14 sisted through the State loan fund for each
15 fiscal year;

16 “(ii) a description of the criteria and
17 methods established for the distribution of
18 funds from the State loan fund; and

19 “(iii) the short-term and long-term
20 goals of the State loan fund.

21 “(5) USE OF FUNDS.—

22 “(A) IN GENERAL.—Amounts deposited in
23 a State loan fund, including loan repayments
24 and interest earned on such amounts, shall be
25 used only for awarding loans or loan guaran-

tees, or as a source of reserve and security for leveraged loans, the proceeds of which are deposited in the State loan fund established under paragraph (1). Loans under this section may be used by a rural health care provider to facilitate the purchase and enhance the utilization of qualified health information technology and training of personnel in the use of such technology.

“(B) LIMITATION.—Amounts received by a State under this subsection may not be used—

“(i) for the purchase or other acquisition of any health information technology system that is not a qualified health information technology system;

“(ii) to conduct activities for which Federal funds are expended under this section, or the amendments made by the Better Health Information System Act of 2006;

“(iii) for any purpose other than making loans under this section to eligible entities located in a rural area; or

“(iv) for amounts above the total cost of the acquisition, implementation, training

1 and maintenance of the qualified health in-
2 formation system of a rural health care
3 provider minus the sum of the amount of
4 grant funds received by the provider for
5 such purpose under subsection (a) for such
6 purpose.

7 “(6) TYPES OF ASSISTANCE.—Except as other-
8 wise limited by applicable State law, amounts depos-
9 ited into a State loan fund under this subsection
10 may only be used for the following:

11 “(A) To award loans that comply with the
12 following:

13 “(i) The interest rate for each loan
14 shall be less than or equal to the market
15 interest rate.

16 “(ii) The principal and interest pay-
17 ments on each loan shall commence not
18 later than 1 year after the loan was award-
19 ed, and each loan shall be fully amortized
20 not later than 10 years after the date of
21 the loan.

22 “(iii) The State loan fund shall be
23 credited with all payments of principal and
24 interest on each loan awarded from the
25 fund.

1 “(B) To guarantee, or purchase insurance
2 for, a local obligation (all of the proceeds of
3 which finance a project eligible for assistance
4 under this subsection) if the guarantee or pur-
5 chase would improve credit market access or re-
6 duce the interest rate applicable to the obliga-
7 tion involved.

8 “(C) As a source of revenue or security for
9 the payment of principal and interest on rev-
10 enue or general obligation bonds issued by the
11 State if the proceeds of the sale of the bonds
12 will be deposited into the State loan fund.

13 “(D) To earn interest on the amounts de-
14 posited into the State loan fund.

15 “(7) ADMINISTRATION OF STATE LOAN
16 FUNDS.—

17 “(A) COMBINED FINANCIAL ADMINISTRA-
18 TION.—A State may (as a convenience and to
19 avoid unnecessary administrative costs) com-
20 bine, in accordance with State law, the financial
21 administration of a State loan fund established
22 under this subsection with the financial admin-
23 istration of any other revolving fund established
24 by the State if otherwise not prohibited by the

1 law under which the State loan fund was estab-
2 lished.

3 “(B) COST OF ADMINISTERING FUND.—
4 Each State may annually use not to exceed 4
5 percent of the funds provided to the State
6 under a grant under this subsection to pay the
7 reasonable costs of the administration of the
8 programs under this section, including the re-
9 covery of reasonable costs expended to establish
10 a State loan fund which are incurred after the
11 date of enactment of this section.

12 “(C) GUIDANCE AND REGULATIONS.—The
13 Secretary shall publish guidance and promul-
14 gate regulations as may be necessary to carry
15 out the provisions of this subsection,
16 including—

17 “(i) provisions to ensure that each
18 State commits and expends funds allotted
19 to the State under this subsection as effi-
20 ciently as possible in accordance with this
21 section and applicable State laws; and

22 “(ii) guidance to prevent waste, fraud,
23 and abuse.

24 “(D) PRIVATE SECTOR CONTRIBUTIONS.—

1 “(i) IN GENERAL.—A State loan fund
2 established under this subsection may ac-
3 cept contributions from private sector enti-
4 ties, except that such entities may not
5 specify the recipient or recipients of any
6 loan issued under this subsection.

7 “(ii) AVAILABILITY OF INFORMA-
8 TION.—A State shall make publicly avail-
9 able the identity of, and amount contrib-
10 uted by, any private sector entity under
11 clause (i) and may issue letters of com-
12 mendation or make other awards (that
13 have no financial value) to any such entity.

14 “(8) ANNUAL REPORTS.—

15 “(A) BY STATES TO THE SECRETARY.—
16 Each State receiving a grant under this sub-
17 section shall submit an annual report to the
18 Secretary for each fiscal year for which loans
19 are provided under the grant. Each annual re-
20 port shall include—

21 “(i) a description of the use of grant
22 funds by the State loan fund in the fiscal
23 year, including projects assisted through
24 such fund;

1 “(ii) a list of the projects to be as-
2 sisted through the State loan fund in the
3 succeeding fiscal year, as contained in the
4 strategic plan under paragraph (4);

5 “(iii) a description of the financial
6 status of the State loan fund; and

7 “(iv) such other information as the
8 Secretary may require regarding the grant
9 or the loan fund.

10 “(B) BY SECRETARY TO CONGRESS.—The
11 Secretary shall annually submit to the Com-
12 mittee on Health, Education, Labor, and Pen-
13 sions and the Committee on Finance of the
14 Senate, and the Committee on Energy and
15 Commerce and the Committee on Ways and
16 Means of the House of Representatives, a re-
17 port summarizing the reports received by the
18 Secretary under subparagraph (A).

19 “(c) AUTHORIZATION OF APPROPRIATIONS.—

20 “(1) IN GENERAL.—For the purpose of car-
21 rying out this section, there is authorized to be ap-
22 propriated \$20,000,000 for fiscal year 2007,
23 \$30,000,000 for fiscal year 2008, and such sums as
24 may be necessary, but not to exceed \$30,000,000 for
25 each of fiscal years 2009 through 2011.

1 “(2) AVAILABILITY.—Amounts appropriated
2 under paragraph (1) shall remain available through
3 fiscal year 2011.

4 “(d) DEFINITIONS.—In this section:

5 “(1) FEDERALLY QUALIFIED HEALTH CEN-
6 TER.—The term ‘Federally qualified health center’
7 has the meaning given that term in section
8 1861(aa)(4) of the Social Security Act (42 U.S.C.
9 1395x(aa)(4)).

10 “(2) GROUP PRACTICE.—The term ‘group prac-
11 tice’ has the meaning given that term in section
12 1877(h)(4) of the Social Security Act (42 U.S.C.
13 1395nn(h)(4)).

14 “(3) HEALTH CARE PROVIDER.—The term
15 ‘health care provider’ means a hospital, skilled nurs-
16 ing facility, home health agency (as defined in sub-
17 section (o) of section 1861 of the Social Security
18 Act, 42 U.S.C. 1395x), health care clinic, rural
19 health clinic, Federally qualified health center, group
20 practice, a pharmacist, a pharmacy, a laboratory, a
21 physician (as defined in subsection (r) of such sec-
22 tion), a practitioner (as defined in section
23 1842(b)(18)(CC) of such Act, 42 U.S.C.
24 1395u(b)(18)(CC)), a health facility operated by or
25 pursuant to a contract with the Indian Health Serv-

1 ice, and any other category of facility or clinician de-
2 termined appropriate by the Secretary.

3 “(4) HEALTH INFORMATION; INDIVIDUALLY
4 IDENTIFIABLE HEALTH INFORMATION.—The terms
5 ‘health information’ and ‘individually identifiable
6 health information’ have the meanings given those
7 terms in paragraphs (4) and (6), respectively, of sec-
8 tion 1171 of the Social Security Act (42 U.S.C.
9 1320d).

10 “(5) LABORATORY.—The term ‘laboratory’ has
11 the meaning given that term in section 353.

12 “(6) PHARMACIST.—The term ‘pharmacist’ has
13 the meaning given that term in section 804(a)(2) of
14 the Federal Food, Drug, and Cosmetic Act (21
15 U.S.C. 384(a)(2)).

16 “(7) QUALIFIED HEALTH INFORMATION TECH-
17 NOLOGY.— The term ‘qualified health information
18 technology’ means a system or components of health
19 information technology that meet any applicable core
20 interoperability guidelines (endorsed under section
21 272(a)(3)) when in use or that use interface soft-
22 ware that allows for interoperability in accordance
23 with such guidelines.

24 “(8) RURAL AREA.—The term ‘rural area’ has
25 the meaning given such term for purposes of section

1 1886(d)(2)(D) of the Social Security Act (42 U.S.C.
2 1395ww(d)(2)(D)).

3 “(9) RURAL HEALTH CARE PROVIDER.—The
4 term ‘rural health care provider’ means a health
5 care provider that is located in a rural area.

6 “(10) STATE.—The term ‘State’ means each of
7 the several States, the District of Columbia, Puerto
8 Rico, the Virgin Islands, Guam, American Samoa,
9 and the Northern Mariana Islands.”.